GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:2277
ANSWERED ON:30.07.2002
HURDLES IN PROVIDING JOBS DUE TO DISINVESTMENT
P.C. THOMAS

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether disinvestment is likely to create hurdles in the Prime Minister`s programme announced in 1999 for providing 100 million job in ten years;

(b) if so, the facts thereof; and

(c) the precautionary measures taken by the Government in this regard?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a) No, Sir. On the contrary, as they become more competitive, as expansion plans are implemented, employment can be expected to increase in the disinvested enterprises

(b) Does not arise.

(c) To protect the interest of employees, necessary provisions are made in the Shareholders/Share Purchase Agreements, entered into with the strategic partner. A copy of these provisions made for protecting the interests of the employees in the transaction agreements signed at the time of disinvestment in Hindustan Zinc Ltd. is given in Annexure.

Annexure

Annexure referred to in reply to part (c) of Unstarred Question No.2277 for answer on 30-7-2002 by Shri P.C. Thomas.

The provisions related to protection of interests of employees incorporated in the Shareholders Agreement for disinvestment in Hindustan Zinc Ltd. are as under:-

Recitals:

G. Subject to Clause 6.1.2 (b) and (c) the Parties envision that all Employees of the Company on the date hereof will continue in the employment of the Company.

H . The SP recognises that the government in relation to its employment policies follows certain principles for the benefit of the members of the Scheduled Caste / Schedules Tribes, physically handicapped persons and other socially disadvantages categories of the society. The SP shall use its best efforts to cause the Company to provide adequate job opportunities for such persons. Further, in the event of any reduction in the strength of the employees of the Company, the SP shall use its best efforts to ensure that the physically handicapped persons, Scheduled Castes/Scheduled Tribes are retrenched at the end.

Article 5.4

(i): Notwithstanding anything to the contrary in this Article 5, the Government, shall at any time and at its sole discretion, have the option of selling shares from its shareholding in the company, representing not more than 5% of the share capital of the company existing as of date of this Agreement, to the employees of the Company (`employees sell share`). In the event that the Government exercises its option to sell part of its shares to the employees, the employees shall be issued fresh share certificates for the shares transferred to the employees, without the endorsement of the legend provided in Sub-Clause 5.3 (b). The Shareholders agree that, upon the completion of transfer, the shares transferred to the employees pursuant to this sub-clause
(i) shall not be subject to any restrictions in this Agreement, whether by way of a voting arrangement or a right of first refusal.

Article 6.1.2

The SP covenants with the Government that

(a) notwithstanding anything to the contrary in this Agreement, it shall not retrench any of the Employees of the Company for a period of 1 (one) year from the Closing Date other than any dismissal or termination of Employees of the Company from their employment in accordance with the applicable staff regulations and standing orders of the Company or applicable Laws;

(b) notwithstanding anything to the country in this Agreement, but subject to Sub-Clause (a) above, any restructuring of the labour force of the Company shall be implemented in the manner recommended by the Board and in accordance with all applicable Laws;

(c) notwithstanding anything to the contrary in this Agreement, but subject to Sub-Clause (a) above, in the event of any reduction of the strength of the Company`s Employees, the SP shall ensure that the Company offers its Employees anoption to voluntarily retire on terms that are not, in any manner, less favourable than the Maximum Benefits, if any;